

Guidelines For
ONE TIME SETTLEMENT SCHEME (LOAN ADALATH)

Approved in the 169th Meeting of Board of Directors of KTDFC
held on 26.08.2020, vide agenda item No.17/169

P R E F A C E

O T S A D A L A T H

- OTS Scheme will be in action for a time span of 2 years w.e.f the date of Board approval and OTS Adalath will be conducted on the basis of OTS application received from the defaulting loanees/guarantors/legal heires/representative, for those categories of loans (minimum of 10 applications or application for loans amounting to Rs.20 Lakhs or above is received) and subject to such conditions as are detailed below.
- OTS Adalath will be conducted by an Adalath Committee consisting of 2 or 3 retired Judges, not below the rank of retired District Judges/Sessions Judge (in order to arrive at unbiased decisions on each application. Officers of the Company shall not be participate as members of the OTS Adalath Committee).
- The Board of Directors of the Corporation has the absolute right to amend/alter/modify/withdraw any clauses herein at any point of time or to take decisions on the requests of the parties or on any matter arising with respect to this OTS Scheme.

T E R M S & C O N D I T I O N S O F O T S S C H E M E

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A. TYPES OF LOANS COVERED UNDER THE SCHEME:

The Scheme is applicable only for the following categories of loans.

- Personal Loans
- Vehicle Loans
- House Loans
- Construction Loans, and
- Project Loans

(The vehicle loans sanctioned under SRT0 Schemes through M/s.Shriram Investments Limited will not come under the ambit of the OTS Adalat.)

B. SCHEME COVERAGE:

The OTS Scheme covers the following types of the above listed categories of loans:

a) All loans under the above mentioned categories at default where the scheduled repayment period of the loan has expired on or before 31.3.2020, irrespective of the number of EMIs at default, OR

b) Live Loans having 6 EMIs or more at default as on 31.03.2020.

- The Scheme also covers loans in the above mentioned categories for which the Corporation initiated any type of legal / recovery actions including Revenue Recovery, Salary Recovery, Cases filed as per the provisions of the Negotiable Instruments Act for dishonour of cheques, etc., subject to the payment of expenses and fees such as legal expenses, RR service charges, etc.

- In case of loans where fraud, cheating, malfeasance, forgery, etc. are/were alleged/suspected/found, considering the best interests of the Corporation to recover the loan amounts disbursed, those loans will also be covered under this OTS Scheme, without prejudice to the ongoing Vigilance/Police enquiry/Investigation/Case/Charge sheet/Verdict, etc.

- The Scheme shall be eligible only to those loans in which an amount equivalent to 10% of the total outstanding principal amount is remitted by the applicants beforehand which shall be kept in 'OTS Settlement Appropriation Account'. Hence those who want to apply for settlement of loans under OTS Scheme shall remit 10% of the total outstanding principal amount before submitting application for OTS in the prescribed format, otherwise the application will be rejected *prima facie*. The amount so remitted in advance and kept in 'OTS Settlement Appropriation Account' will be adjusted to the loan account once the OTS settlement is finalized in the manner mentioned hereinafter.

- If the loanee remits the 10% of the outstanding principal for participation in OTS Adalath, but fails to attend the next two Adalaths or fails to settle the loan in the next two Adalaths, the amount so remitted will be adjusted to the loan account in accordance with the original terms and conditions of the loan.
- If a loanee intimates that he is making a part payment towards 10% of the outstanding principal for attending the OTS Adalath, but fails to remit in full before the next OTS Adalath, the loanee will be given a final chance to remit in full the amount and to attend the subsequent OTS Adalath, and if he fails to remit in full before the expiry of the extended period, the part payment so remitted will be adjusted to the loan account in accordance with the original terms and conditions of the loan.
- This OTS Scheme shall be applicable only for the purpose of closure of loans by utilising the OTS benefits.
- The loan accounts already settled/closed shall not be reopened under this Scheme. Similarly those amounts which were already remitted and adjusted in the normal method in the loans shall not be re-opened/re-adjusted under OTS Scheme.
- All other conditions of the loans shall remain unchanged unless otherwise specifically mentioned herein.
- The amount that can be waived in each appropriate case for OTS under the Scheme will be subject to a maximum of whole penal interest plus upto 75% of the overdue interest. There shall not be any reduction in the outstanding principal as well as the actual interest component in the original EMIs as per the loan repayment schedule. In RR initiated loans also, the EMIs outstanding as per the original repayment schedule will be taken for OTS Adalath settlement. The Adalath Committee shall have the absolute discretion to fix the percentage of such interest to be waived in each application upon negotiation considering the nature and circumstances of each case. The decision of the Adalath Committee shall be final and the applicants shall not have any right to challenge the decision of the Committee for any reason whatsoever before any forum. Corporation shall not entertain any other types of waiver for OTS other than those mentioned above, under any circumstances whatsoever.

- The amount of settlement arrived at during Loan Adalath shall be paid within such period as mentioned hereunder :

Settlement Amount	Time period for remittance
Upto Rs. 2 Lakhs	60 days from the date of settlement
2-5 Lakhs	75 days from the date of settlement
5-10 Lakhs	90 days from the date of settlement
Above 10 Lakhs	At least 15% of the settlement amount (excluding the advance amount remitted) shall be remitted within 90 days from the date of settlement. At least 15% of the total settlement amount (excluding the advance amount remitted + 1 st instalment) shall be remitted within 120 days from the date of settlement. Remaining 70% of the settlement amount shall be remitted within 180 days from the date of settlement.

- If the party remit the settlement amount within the stipulated time period, the concerned loan account shall be declared as closed after adjusting the earlier remitted advance amount kept in 'OTS Settlement Appropriation Account' towards principal and the settlement amount subsequently remitted towards the concerned heads. Part payments/instalments if any made within the above prescribed period as a part of the settlement shall also be kept in 'OTS Settlement Appropriation Account', till the entire amount as per the terms of settlement is fully remitted within the prescribed period.

- If a settlement is arrived at with the party but the party in turn fails to remit the total settled amount within the prescribed time period in accordance with the preceding rules, the terms of the settlement shall be deemed as cancelled and the recovery will be effected/continued in accordance with the original terms and conditions of the loan, as if no settlement was arrived at. In such cases of failure to comply the settlement fully within the prescribed time period, part payments / instalments if any made within the prescribed

period as a part of the settlement as well as the advance amount remitted and kept in 'OTS Settlement Appropriation Account', shall be adjusted in accordance with the original terms and conditions of the loan and the same will accordingly be adjusted towards penal interest, overdue interest, RR Service charges, etc. as if no settlement was arrived at.

- In case of Construction loans, if the loanee request for NOCs from the Corporation for the sale of villas/flats in the project proportionate to the advance amount and/or part payments of OTS already remitted and kept in 'OTS Settlement Appropriation Account' so as to enable them to generate funds to remit the balance amounts, proportionate number of NOCs will be issued for the value of the EMIs which might have been cleared in the normal method had the said part payments/advance were made and adjusted in the normal course of business towards EMI, overdue, penal interest, etc., by hypothetically calculating the same. Thereafter once the entire amount as per the terms of settlement are fully remitted, the amounts kept in 'OTS Settlement Appropriation Account' will be adjusted in the loan account as per the terms of settlement and the loan will be declared as closed. If a party remits part payments and obtained NOCs and subsequently failed to remit the balance amounts as per the terms of settlement, part payments made within the prescribed period as well as the advance amount remitted and kept in 'OTS Settlement Appropriation Account', shall be adjusted in accordance with the original terms and conditions of the loan and the same will accordingly be adjusted towards penal interest, overdue interest, etc. as if no settlement was arrived at, in accordance with the preceding rules.

- No recovery/RR actions shall be stopped/kept in abeyance till the amount is remitted in full. Neither the submission of OTS Application shall be a ground for delaying/evading the recovery actions nor the Corporation will inform the receipt of OTS Application to any RR authorities.

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